

**Examining the Interaction  
Between Welfare and Disability**

**Lessons from an In-Depth Data Analysis**

**OPRE Report 2013-49**

**December 2013**

# **Examining the Interaction Between Welfare and Disability: Lessons from an In-Depth Data Analysis**

OPRE Report 2013-49

December 2013

**Authors: Melanie Skemer and Brian Bayes, MDRC**

**Submitted to:**

**Matthew Borus and Girley Wright, Project Officers**

Office of Planning, Research and Evaluation  
Administration for Children and Families  
U.S. Department of Health and Human Services

**Scott Leverty and Joyce Nicholas, Project Officers**

Office of Retirement and Disability Policy  
U.S. Social Security Administration

**Project Director: John Martinez**

MDRC  
16 East 34th Street  
New York, NY 10016

Contract Number: GS10F0245N/HHSP233200800527G

This report is in the public domain. Permission to reproduce is not necessary.

Suggested citation: Skemer, Melanie, and Brian Bayes (2013). *Examining the Interaction Between Welfare and Disability: Lessons from an In-Depth Data Analysis*. OPRE Report 2013-49. Washington, DC: Office of Planning, Research and Evaluation, Administration for Children and Families, U.S. Department of Health and Human Services.

Disclaimer: The views expressed in this publication do not necessarily reflect the views or policies of the Office of Planning, Research and Evaluation, the Administration for Children and Families, the U.S. Department of Health and Human Services, or the U.S. Social Security Administration.

This report and other reports sponsored by the Office of Planning, Research and Evaluation are available at <http://www.acf.hhs.gov/programs/opre>.



## Overview

Policymakers and program operators have long worked to understand how state and federal programs can best serve low-income families who are headed by a parent (or parents) with a disability. The Temporary Assistance for Needy Families (TANF) program, administered by the Administration for Children and Families (ACF), serves low-income families, some of whom include individuals who have work limitations or disabilities. The Supplemental Security Income (SSI) program, administered by the Social Security Administration (SSA), serves low-income individuals who are aged, blind, or disabled. While ACF and SSA have common goals of supporting vulnerable populations while encouraging their self-sufficiency and employment, the two agencies' differing missions, programmatic and financial challenges, definitions of disability, and rules and incentives related to work pose challenges to coordinating their efforts.

In order to understand how best to help TANF recipients with disabilities, ACF and SSA contracted with MDRC to conduct the TANF/SSI Disability Transition Project (TSDTP). The goals of the TSDTP are to explore the connection between the two programs, build knowledge about ways to encourage work among TANF recipients with disabilities, facilitate informed decisions about applying for SSI when appropriate, and help eligible SSI applicants receive awards as quickly as possible while also reducing administrative costs. Through MDRC's close collaboration with ACF, SSA, and participating state and county TANF agencies, the TSDTP conducted field assessments of existing services for TANF recipients who may have disabilities, tested pilot programs targeted to this population, and analyzed national- and state-level program data.

This brief uses the TSDTP analysis of merged national-level TANF and SSI data — two rich data sources that have never before been linked — to better understand the extent of overlap between the two programs. Given that TANF and SSI both provide support to low-income people, some degree of overlap between the populations they serve is to be expected. Although there are different theories as to the size and nature of this overlap, thus far only limited research has focused on directly addressing such questions. This brief seeks to close this knowledge gap, using a unique merged data set to assess and characterize the interaction between the welfare and disability systems.

Based on the TSDTP data, the research team has arrived at the following conclusions:

- (1) New SSI applicants rarely receive TANF in the months before they apply for SSI, and some of them apply for SSI before receiving TANF.
- (2) TANF recipients who apply for SSI are not at particularly high risk of losing their TANF benefits.
- (3) The medical award rate among TANF recipients who apply for SSI is comparable to that of SSI applicants who have not received TANF recently, once important age differences between these groups are taken into account.

THIS PAGE INTENTIONALLY LEFT BLANK

## **Why Study the Overlap Between TANF and SSI?**

Changes in welfare policy and shifts in the economy over the past two decades have altered the size of both the caseloads of the Temporary Assistance for Needy Families (TANF) program, administered by the Administration for Children and Families (ACF), and the applicant pool for the Supplemental Security Income (SSI) program, administered by the Social Security Administration (SSA). In 1996, the Personal Responsibility and Work Opportunity Reconciliation Act established TANF, replacing Aid to Families with Dependent Children. The creation of TANF set new restrictions on benefits, including a lifetime limit of 60 months on federally funded cash assistance and a work participation requirement. To avoid losing federal funding, states became responsible for ensuring that 50 percent of their caseload met work participation requirements. However, the TANF rules also adjust each state's required rate based on caseload reductions, resulting in actual benchmarks that were significantly less than 50 percent for most states.<sup>1</sup> With the strong economy of the late 1990s, welfare caseloads decreased substantially and continued to decline until late 2008, even after economic conditions had weakened from the nearly full employment of the late 1990s. Given both the availability of jobs during the more robust economic years and this long-term decline in caseloads, meeting minimum work participation rates did not pose a major challenge to states for much of this period. This set of circumstances eased states' ability to exempt families headed by people with disabilities from work participation requirements. However, the Deficit Reduction Act of 2005 greatly reduced states' ability to lower their benchmarks through caseload reduction credits, resulting in a higher effective work participation requirement for some states than they had previously faced.<sup>2</sup> These tougher standards, combined with the less hospitable economic climate of the latter half of the 2000s, made it more difficult for some states to grant exemptions to parents with disabilities while still meeting minimum work participation rates.<sup>3</sup> Failure to meet these rates would place states at risk of financial penalties.

Meanwhile, SSA saw a significant increase in adults applying for SSI — the number of applications nearly doubled between 2000 and 2009.<sup>4</sup> Questions were raised about whether there might be a link between the changing TANF rules and rising SSI application rates. If states were encouraging TANF recipients — particularly those who were not meeting work participation requirements or who were approaching the 60-month time limit — to turn to SSI as an alternate means of support, this could be contributing to the rapid rise in SSI applications. Potential incentives to move TANF recipients to SSI exist for both TANF administrators and TANF recipients themselves: TANF administrators may decrease state costs and improve their ability to meet minimum work participation rates, easing state budget concerns, while adult TANF recipients in most states stand to receive a larger cash benefit from SSI than from TANF. However, additional referrals of TANF recipients to the SSI program increase the number of applications that SSA must process. This would be troubling if the additional applications were frequently denied, as that would strain SSA's resources without a returned benefit for many

TANF recipients. TANF recipients who apply for SSI but are found ineligible will have undergone a complex and lengthy application process and used up months (or years) of TANF assistance while, in many cases, not pursuing employment.

Due in part to these concerns about how TANF might be affecting both the quantity and quality of SSI applications received by SSA, policymakers became increasingly interested in understanding the overlap between the TANF and SSI programs, including the size of the overlap, the timing of client interactions with each program, and the award rates for TANF recipients applying for SSI. This brief directly addresses these questions and concerns by unpacking some commonly held beliefs about the TANF-SSI interaction into three clearly defined hypotheses and evaluating each of them using merged TANF and SSI program data.

## **Findings from the TSDTP Data Analysis**

All analyses discussed below were conducted using administrative records data. TANF and Separate State Program (SSP) data for Fiscal Years (FY) 2005 through 2009 were obtained from ACF's Office of Family Assistance.<sup>5</sup> Twenty-six states — referred to herein as “full-reporting” states — provided data on all active cases (as opposed to a sample) to the Office of Family Assistance throughout this five-year period.<sup>6</sup> The full-reporting state data from across the five-year period were combined to create a historical record of TANF and SSP receipt. The TANF and SSP data were merged with information on SSI applications, which is available through SSA's Disability Research File for 2009 and 2010. These data include SSI applications from 1999 to 2009 and their outcomes as of June 2010. The sample for the analysis of the overlap between TANF and SSI includes adult recipients of TANF and SSP benefits and adult SSI applicants (ages 18 to 64) in the full-reporting states.

To capture a more complete picture of cash benefits to adults in needy families, this analysis considers TANF and SSP cash benefit receipt together. For simplicity, the discussion refers to “TANF” recipients throughout, although months of SSP receipt are also included. Box 1 provides additional clarifying information about the terms, research samples, and reference groups that are used in this brief.

### **Size and Chronology of the TANF-SSI Overlap**

- **Hypothesis 1:** Many SSI applicants receive TANF cash assistance before applying for SSI.
- **Finding:** New SSI applicants rarely receive TANF in the months before they apply for SSI, and some of them apply for SSI before receiving TANF.

**Box 1**

**Definitions of Terms and Research Samples**

**“TANF recipients.”** Individuals who received *TANF or SSP* cash assistance in full-reporting states as adults.

**“New SSI applicants.”** Individuals (ages 18 to 64) who first applied for SSI as adults with disabilities in full-reporting states for the first time in FY 2007, according to available data (from 1999 through 2009). There are no records of adult SSI applications for these individuals between January 1999 and September 2006.

**Full overlap sample.** “New SSI applicants” who were also “TANF recipients” at some point *between 12 months before and 12 months after* the month of SSI application.

**Prior overlap sample.** “New SSI applicants” who were also “TANF recipients” at some point *between 1 month and 12 months before* the month of SSI application. The prior overlap sample is a subset of the full overlap sample.

**TANF reference group.** “TANF recipients” in FY 2007 who did not have any active SSI applications between FY 2005 and FY 2009.

**SSI reference group.** “New SSI applicants” who were *not* “TANF recipients” at any point between 12 months before and 12 months after the month of SSI application.

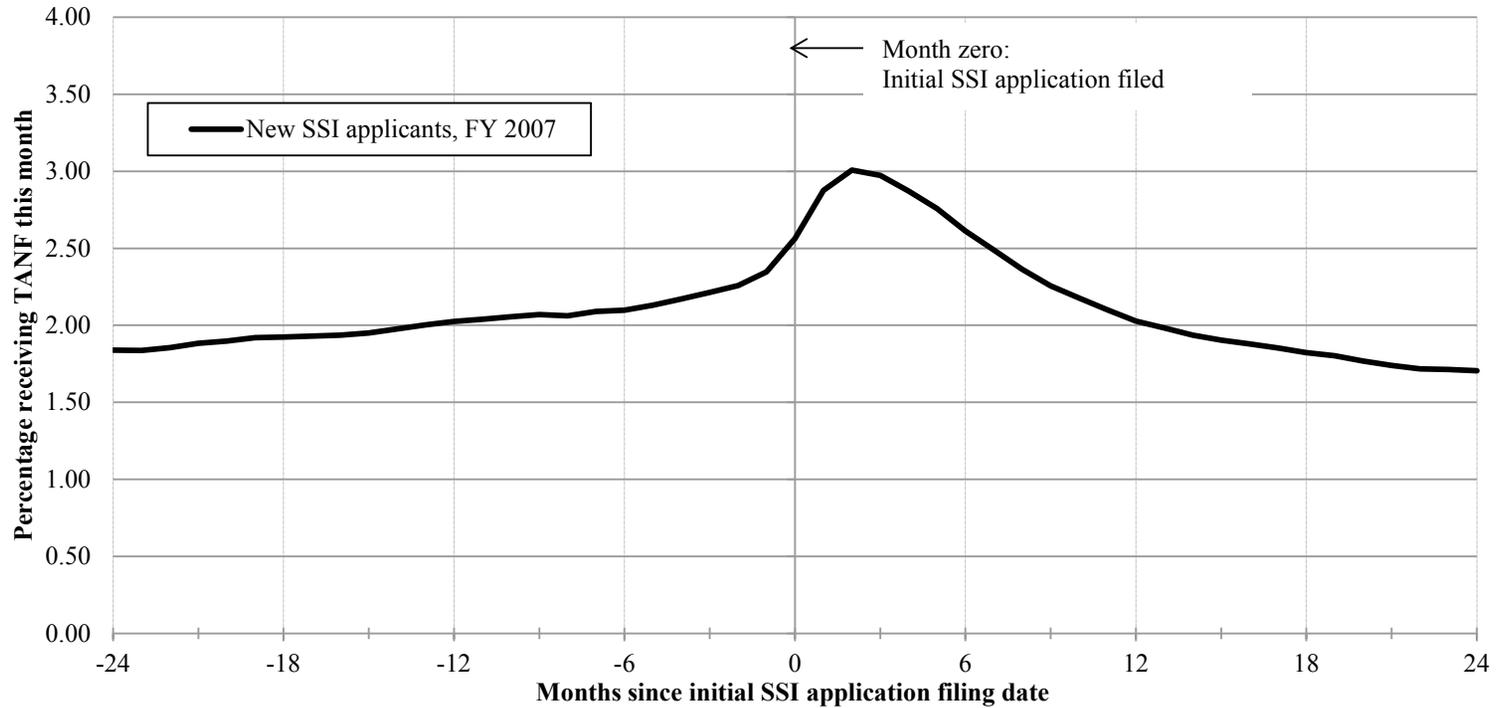
Interest in the interaction between TANF and SSI grew after some studies suggested that the recent increase in SSI applications might be partly due to welfare reform. A 2004 report from the U.S. Government Accountability Office (GAO) investigated the TANF-SSI connection and identified a possible source of additional applications: TANF agencies were referring clients to SSI, often without consulting SSI eligibility guidelines. Of the county TANF offices that were surveyed for the study, only 13 percent reported making referrals to SSI on the basis of SSI eligibility determination criteria. The GAO recommended more thorough disability screening within TANF so that SSI referrals might be better directed to those adults “without the capacity to work.”<sup>7</sup> Following this lead, a 2006 study set out to estimate the size of the overlap between the two programs — specifically, the percentage of SSI awards granted to adults in TANF households — using income data derived from SSI application materials to identify TANF recipients. The estimate for the last year of the analysis (FY 2003) was 11.3 percent. Based on their calculations, the authors characterized the TANF-SSI connection as “large.”<sup>8</sup>

With the ability to directly match TANF recipients to SSI applications, however, the TSDTP analysis finds a much smaller TANF-SSI overlap for adults, even when different definitions of “overlap” are considered. Figure 1 shows the percentage of new adult SSI

**The TANF/SSI Disability Transition Project**

**Figure 1**

**TANF Receipt by New SSI Applicants**



SOURCES: MDRC calculations using ACF Section I TANF and SSP/Maintenance of Effort data, FY 2005-2009; Social Security Administration SSI Disability Research File 2009-2010.

NOTES: The sample includes individuals who applied for SSI as adults with disabilities (ages 18-64) for the first time during FY 2007 in full-reporting states. Sample size = 415,300.

applicants in FY 2007 who received TANF around the time they filed their SSI applications. Perhaps the most straightforward way to think about TANF-SSI overlap is to consider how many new SSI applicants were receiving TANF in the same month that they applied for SSI (month zero). From this perspective, the overlap is just 2.6 percent. No more than 3 percent of SSI applicants received TANF in any single month within the time frame shown. The figure also shows that the most common time to receive TANF is just after applying for SSI. Referrals from TANF to SSI cannot explain this behavior; rather, it appears that some TANF recipients apply for SSI first — an idea that earlier discussions of this topic largely neglected.

The monthly rate of TANF receipt presented in Figure 1 begins to answer the question of the extent of overlap between TANF and SSI, but one might also be interested to know how many new SSI applicants *ever* received TANF within a span of months around their SSI application date, because some adults receive TANF intermittently. This broader definition of TANF-SSI overlap allows for different types and durations of interaction between the programs. Figure 2 considers TANF receipt by SSI applicants between 12 months before and 12 months after their SSI application filing date. For applicants who received TANF at any point during the year prior to filing their SSI application, the figure shows whether or not they did so consistently (that is, for all 12 months during that year).

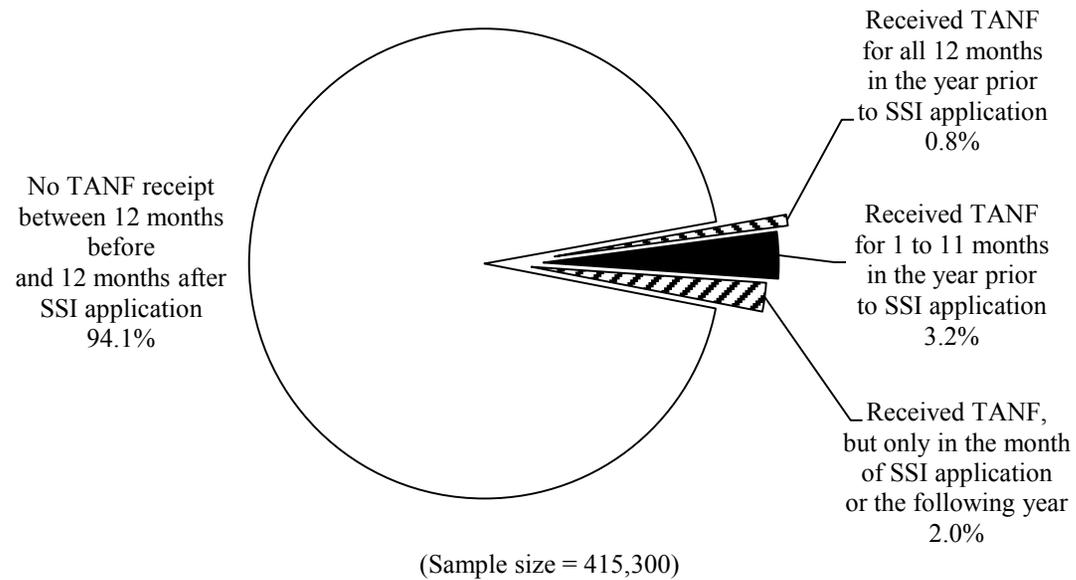
The smallest segment of Figure 2 indicates that consistent prior TANF receipt is rare among new SSI applicants: less than 1 percent received TANF throughout the 12 months before they filed their SSI application. Only 3.9 percent received any TANF at all during that year.<sup>9</sup> In total, from this perspective just 5.9 percent of SSI applicants received TANF, including a substantial portion who applied for SSI first or began to interact with both programs at the same time (roughly one-third of this group, or 2 percent of new SSI applicants). The TSDTP data demonstrate that, even under a more flexible definition, relatively few SSI applicants come “from TANF.”

These findings — particularly the fact that some TANF recipients actually apply for SSI before receiving TANF — contradict prior assumptions about the scope and nature of the TANF-SSI interaction. The TSDTP matched data reveal a smaller overlap and a more complex relationship between the programs than was previously understood, rather than systematic movement of TANF recipients toward SSI.

The TANF/SSI Disability Transition Project

Figure 2

TANF Receipt by New SSI Applicants, by Consistency of Receipt in the Prior Year



SOURCES: ACF Section I TANF and SSP/Maintenance of Effort data, FY 2006-2008; Social Security Administration SSI Disability Research File 2009-2010.

NOTES: The sample includes individuals who applied for SSI as adults with disabilities (ages 18-64) for the first time during FY 2007 in full-reporting states. Percentages do not sum to 100.0 due to rounding.

## TANF Restrictions as Incentives to Apply for SSI

- **Hypothesis 2:** TANF recipients are especially likely to submit SSI applications because they are concerned about losing their TANF benefits, either due to time limits or sanctions for failure to meet work requirements.
- **Finding:** TANF recipients who apply for SSI are not at particularly high risk of losing their TANF benefits, suggesting that time limits and sanctions are not major factors driving SSI applications.

The role of cash assistance as a safety net for needy families shifted with the transition from Aid to Families with Dependent Children to TANF. Since 1997, there has been a 60-month lifetime limit on federally funded benefits, and a percentage of each state's caseload is required to participate in work activities — or else the state risks a financial penalty from the federal government. In contrast, SSI recipients may collect benefits as long as they are financially eligible and their condition remains disabling according to SSA's criteria. The work requirement and time limit affect different TANF cases in different ways, but these additional restrictions could conceivably encourage adults with impairments who receive TANF to apply for SSI.

Since Hypothesis 2 specifically addresses transitions from TANF to SSI, the analysis in this section only considers the 3.9 percent of SSI applicants who received TANF at some point during the 12 months prior to applying for SSI (see Figure 2). This group will be referred to as the “prior overlap sample.” For the purpose of comparison, characteristics are also presented for the “TANF reference group,” which is composed of TANF recipients without a recent history of SSI activity.

Table 1 presents characteristics of TANF recipients related to the TANF time limit. On average, the prior overlap sample has accrued 18.1 months towards the time limit, compared to 13.9 months for the TANF reference group. A large majority of each group has at least two years remaining before reaching the 60-month TANF time limit. While the prior overlap sample has a longer history of TANF receipt than does the TANF reference group, the differences are relatively modest. This is especially true when one considers that disability can be a barrier to obtaining employment and leaving TANF, which would disproportionately affect the prior overlap sample. The data presented in Table 1 indicate that the time limit is unlikely to be an immediate concern for most TANF recipients who apply for SSI.<sup>10</sup>

It is also important to note that prior overlap sample members are more likely to be allowed to continue receiving benefits despite having reached the TANF time limit, a status referred to in Table 1 as “exempt from benefit termination.” In exempted families, an adult has accrued 60 TANF months but the state has exercised the option to continue assisting him or

**The TANF/SSI Disability Transition Project**

**Table 1**

**Characteristics of TANF Recipients:  
Months Accrued Toward TANF Time Limit**

Characteristic	Prior Overlap Sample	TANF Reference Group
Months accrued (mean)	18.1	13.9
Months accrued (%)		
Zero	5.2	7.6
1 to 12	36.9	48.9
13 to 24	20.5	19.5
25 to 36	11.6	9.7
37 to 48	7.8	5.6
49 to 60	5.2	3.0
More than 60 <sup>a</sup>	0.4	0.2
Not available/Not applicable		
SSP recipient <sup>b</sup>	5.7	2.2
Exempt from benefit termination <sup>a</sup>	6.7	3.2
Sample size	16,360	444,022

SOURCES: MDRC calculations using ACF Section I TANF and SSP/Maintenance of Effort data, FY 2005-2009.

NOTES: The prior overlap sample includes individuals who applied for SSI as adults with disabilities (ages 18 to 64) for the first time during FY 2007 in full-reporting states and who received TANF or SSP cash assistance as adults in full-reporting states between 1 month and 12 months before their initial SSI applications. Characteristics data are as of the most recent TANF/SSP month at the initial SSI application date.

The TANF reference group includes individuals who received TANF or SSP cash assistance in full-reporting states as adults in FY 2007 and did not have active applications for SSI as adults with disabilities from FY 2005 through FY 2009. Characteristics data for each sample member are averaged across all months of TANF/SSP receipt in FY 2007. TANF/SSP adults may be under 18 or over 64 years of age.

<sup>a</sup>A TANF case may be exempt from benefit termination if it meets certain federal conditions (for example, if the head of household is a federally recognized victim of domestic violence) or if the state designates it for “hardship exemption.” Hardship exemptions to the time limit can be applied to up to 20 percent of a state’s adult-headed cases. Only adults on cases that are exempt from benefit termination should have accrued more than 60 months toward the TANF time limit; adults in the “more than 60” month category are the result of inconsistent reporting.

<sup>b</sup>The regulations for reporting on SSPs do not require information about months toward the TANF time limit.

her. This exemption can be applied to up to 20 percent of the adult caseload under TANF rules for cases experiencing “hardship” as the state chooses to define it. Most states (including most full-reporting states) categorize some families as hardship cases on the basis of an adult’s disability or need to care for a family member with a disability.<sup>11</sup> Taking this into account, the fact that 5.2 percent of the prior overlap sample has accrued 49 to 60 months should be interpreted with caution, since some of those adults may be eligible to continue receiving assistance beyond 60 months.

The TANF work requirement and its consequences provide another potential incentive for TANF recipients to apply for SSI. If an adult is required to meet the federal standard for hours of work activities (either 20 or 30 hours per week for a single parent, depending on the age of the youngest child) but fails to do so, that adult could be sanctioned, resulting in a temporary reduction or elimination of his or her benefit. However, a state may choose not to apply work requirements to all families receiving assistance. This may or may not affect the state’s work participation rate, since the federal TANF rules exclude certain families from the rate calculation (for example, single mothers with infants less than 1 year old). Most states grant some exemptions on the basis of a disability assessment or doctor’s note, even though families that include an adult with a disability are usually still included in the participation rate.

To understand the extent to which the work requirement might be a consideration for TANF recipients choosing to apply for SSI, Table 2 shows the work participation statuses of the prior overlap sample and the TANF reference group. The work participation status captures both the work expectations for a particular adult (that is, whether he or she is exempted by the state) and whether the adult is meeting those expectations. Compared to the TANF reference group, the prior overlap sample is less likely to be meeting the participation requirement (16.8 percent versus 29.9 percent). However, the prior overlap sample is about seven times more likely to be exempt from the work requirement on the basis of a disability. Overall, similar percentages of the two groups are nonexempt but not meeting the participation requirement, and thus at risk of being sanctioned. One can conclude that, to the extent that work requirements and possible sanctions serve as a “push” off of TANF, these pressures are not exceptionally strong for TANF recipients who later apply for SSI.

TANF’s implementation of time limits and work requirements changed the calculus of cash assistance for many families, including families headed by adults with disabilities. However, in order to justify accepting the hypothesis that these policies cause movement from TANF to SSI, the data would need to show a strong correlation between TANF work participation and time-limit characteristics on the one hand and SSI application behavior on the other, and they do not. In sum, there is little to suggest that the recent increase in SSI applications should be attributed to TANF policies.

## The TANF/SSI Disability Transition Project

### Table 2

#### Characteristics of TANF Recipients: Work Participation Status

Characteristic	Prior Overlap Sample	TANF Reference Group
Work participation status (%)		
Meeting participation requirement	16.8	29.9
Not meeting participation requirement	83.2	70.1
Nonexempt	49.7	46.8
Exempt for disability	13.8	2.0
Exempt for other reasons <sup>a</sup>	4.4	2.8
Not included in rate calculation <sup>b</sup>	15.2	18.5
Sample size	16,360	444,022

SOURCES: MDRC calculations using ACF Section I TANF and SSP/Maintenance of Effort data, FY 2005-2009; Social Security Administration SSI Disability Research File 2009-2010.

NOTES: The prior overlap sample includes individuals who applied for SSI as adults with disabilities (ages 18 to 64) for the first time during FY 2007 in full-reporting states and who received TANF or SSP cash assistance as adults in full-reporting states between 1 month and 12 months before their initial SSI applications. Characteristics data are as of the most recent TANF/SSP month at the initial SSI application date.

The TANF reference group includes individuals who received TANF or SSP cash assistance in full-reporting states as adults in FY 2007 and did not have active applications for SSI as adults with disabilities from FY 2005 through FY 2009. Characteristics data for each sample member are averaged across all months of TANF/SSP receipt in FY 2007. TANF/SSP adults may be under 18 or over 64 years of age.

<sup>a</sup>Exemptions from work participation are granted at the state's discretion; reasons vary. Another common reason aside from disability is a lack of child care for a child under 6 years of age with a single custodial parent.

<sup>b</sup>The TANF rules exclude certain groups from the work participation rate calculation, including single custodial parents children under 12 months of age.

### SSI Award Rates

- **Hypothesis 3:** Changes in TANF policies and practices have led to an increase in poorly founded SSI applications from TANF recipients, making SSI award less likely for adults who receive TANF than for other SSI applicants.
- **Finding:** For applicants who receive a medical decision, award rates are lower among TANF recipients compared with other SSI applicants. This difference becomes very small, however, once applicant age is taken into account, suggesting that SSI applications from TANF recipients are of comparable quality to those of other SSI applicants.

The 2004 GAO report cited earlier suggests that TANF offices may have referred recipients to SSI who were unlikely to be determined eligible for SSI benefits.<sup>12</sup> There was some concern among policymakers that this lack of selectivity in making referrals to SSI might be partially driven by the pressures of TANF restrictions and budgetary constraints, as SSI awards would ease the financial burden on states by reducing the number of adult TANF recipients. Moreover, these TANF recipients would no longer be included in work participation rate calculations, which could improve the states' ability to meet federal requirements.

Theoretically, making referrals based on less-than-rigorous assessments would result in a greater number of applicants with impairments that do not meet SSI's definition of disability. This, in turn, would lead to lower award rates for TANF recipients who submit SSI applications. Table 3 examines this theory by comparing application outcomes of SSI applicants who received TANF at some point between 12 months before and 12 months after their SSI application (the full overlap sample) with all other SSI applicants (the SSI reference group).<sup>13</sup>

SSA first evaluates eligibility for SSI on technical grounds: Do the applicant's income, resources, living arrangements, and citizenship or immigration status meet SSI requirements? The top panel of Table 3 shows technical denial rates for the full overlap sample and the SSI reference group. The largest drivers of technical denials are income and resources. Since TANF recipients have already met a stringent means test to qualify for TANF benefits, it is not surprising that technical denials are much rarer for them: 8 percent of the full overlap sample was denied on technical grounds, compared with 34 percent of the SSI reference group. When applicants who received initial technical denials are included, the full overlap sample was actually *more* likely to be awarded SSI overall (38 percent, compared with 33 percent for the SSI reference group).<sup>14</sup>

Given that the prediction of a lower award rate was more closely linked to assumptions about the *medical* eligibility of TANF recipients who apply for SSI, this claim can be more conclusively evaluated by considering only applications that received a medical decision. To this end, all initial technical denials have been removed from the middle panel of Table 3.<sup>15</sup>

From the vantage point of medical decisions only, the full overlap sample is 10 percentage points less likely to be awarded SSI than the SSI reference group (41 percent compared with 51 percent). However, it is important to consider demographic differences between the two groups that may affect their relative medical award rates. Age, in particular, may have a direct bearing on one's perceived ability to work and, in turn, on whether one will be determined eligible for disability benefits.<sup>16</sup> Unsurprisingly — given that adults who are supported by TANF are mostly parents of children under age 18 and, therefore, relatively young — the mean age of individuals whose application had reached a final medical decision in the full overlap sample (age 35) was seven years younger than the mean age of the SSI reference group (age 42).

**The TANF/SSI Disability Transition Project**

**Table 3**

**SSI Application Outcomes, by TANF Status**

Outcome	Full Overlap Sample	SSI Reference Group
<b><u>All applicants</u></b>		
Overall award rate <sup>a</sup> (%)	37.5	33.2
Initial technical denials (%)	7.9	34.4
Sample size	24,553	390,747
<b><u>Excluding initial technical denials</u></b>		
Medical award rate <sup>b</sup> (%)	41.0	51.4
Sample size	21,109	245,276
<b><u>Controlling for age and excluding 18-year-old applicants<sup>c</sup></u></b>		
Medical award rate <sup>b</sup> (%)	47.1	50.2
Sample size	20,824	234,082

SOURCES: MDRC calculations using ACF Section I TANF and SSP/Maintenance of Effort data, FY 2005-2009; Social Security Administration SSI Disability Research File 2009-2010.

NOTES: The full overlap sample includes individuals who applied for SSI as adults with disabilities (ages 18 to 64) for the first time during FY 2007 in full-reporting states and who received TANF or SSP benefits as adults in full-reporting states between 12 months before and 12 months after their initial SSI applications. TANF/SSP adults may be under 18 or over 64 years of age.

The SSI reference group includes individuals who applied for SSI as adults with disabilities for the first time in FY 2007 in full-reporting states and did not receive TANF/SSP as adults in full-reporting states between 12 months before and 12 months after the month of SSI application.

Some applicants may reapply for SSI rather than appeal a denial on an earlier claim. For this reason, the analysis focuses on the outcome of each applicant's latest SSI application (applications as of December 2009, outcomes as of June 2010).

*Italic type signals measures that are calculated for a subset of the full sample.*

<sup>a</sup>The overall award rate is calculated by dividing the number of awards by the number of applications minus the number of pending claims.

<sup>b</sup>The medical award rate is calculated by dividing the number of awards by the number of medical decisions minus the number of pending claims.

<sup>c</sup>The figures in this panel reflect the medical award rates of the full overlap sample and the SSI reference group based on a regression analysis that adjusted for age.

In order to investigate a possible link between age and the likelihood of SSI award, Figure 3 plots medical award rate by age for both the full overlap sample and the SSI reference group. The two groups have similar medical award rates throughout most of the age range, and both lines in Figure 3 follow the same general trends: from the mid-20s through approximately age 60, award rates gradually increase, with the rate of increase steepening among applicants in their middle 40s to late 50s. (The substantial difference in award rates between the two groups at age 18 is due to the fact that all children on SSI undergo what is known as an “age-18 redetermination” to assess their eligibility to receive SSI benefits as adults. This constitutes a special circumstance, so the discussion from here on focuses on adults age 19 and older.)<sup>17</sup> This figure makes clear that age plays a significant role in SSI medical decisions and provides evidence that once variation in age between the full overlap sample and the SSI reference group is accounted for, their medical award rates are far more similar than a superficial glance may have suggested.

To more rigorously test the assertion that much of the difference in medical award rates between the full overlap sample and the SSI reference group can be explained by the younger ages of those in the full overlap sample, a regression analysis was conducted that controlled for applicant age (for adults 19 and older, as discussed). In basic terms, this regression analysis provides an estimate of what the difference in award rates between the two groups would be if they were composed of similarly aged individuals. As shown in Table 3, accounting for age (and eliminating 18-year-olds) reduces the difference in the medical award rate between the full overlap sample and the SSI reference group from 10 percentage points to 3 percentage points (47 percent compared with 50 percent).

Taken together, these findings dispute the premise that changes in TANF policies and practices led to a lack of selectivity in SSI referrals and an accompanying increase in poorly founded SSI applications. If this were the case, a considerable disparity would be expected between the award rate for SSI applicants who receive TANF and the award rate for other SSI applicants. Instead, when important age differences are taken into account, the SSI award rate among TANF recipients is similar to that of the general SSI applicant pool. There is little reason to believe that TANF recipients applying for SSI are substantially less likely to meet SSI’s definition of disability than other SSI applicants who resemble them.

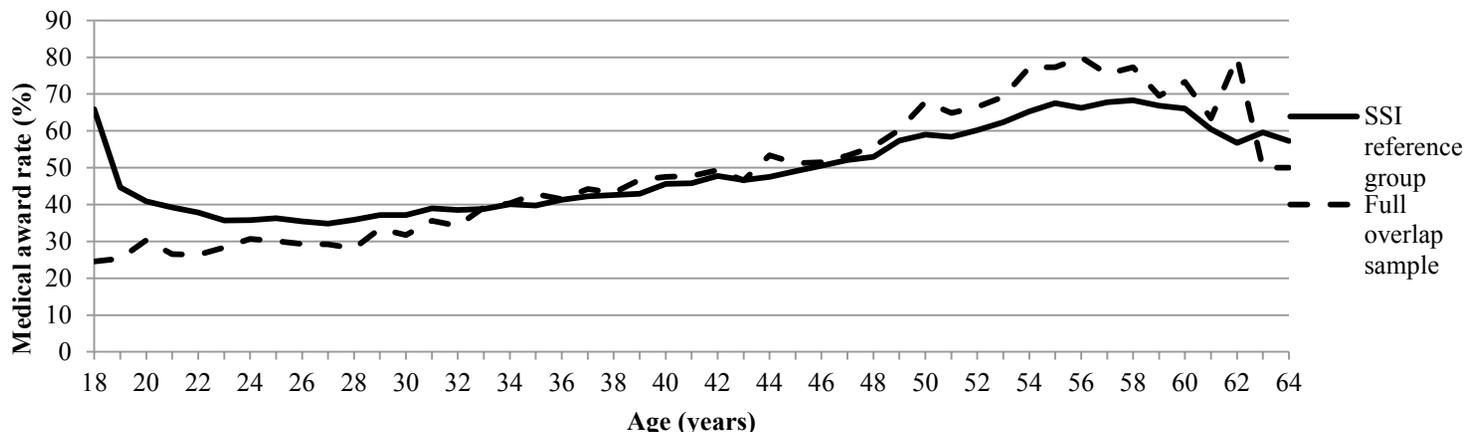
## **What Is the Significance of a New Understanding of the Interaction Between Welfare and Disability?**

Gaining a better understanding of the extent and nature of the overlap between TANF and SSI is an important step toward more effective collaboration between the two programs.

The TANF/SSI Disability Transition Project

Figure 3

Medical Award Rates of SSI Applicants, by Age and TANF Status



14

SOURCES: MDRC calculations using ACF Section I TANF and SSP/Maintenance of Effort data, FY 2005-2009; Social Security Administration SSI Disability Research File 2009-2010.

NOTES: The full overlap sample includes individuals who applied for SSI as adults with disabilities (ages 18 to 64) for the first time during FY 2007 in full-reporting states and who received TANF or SSP benefits as adults in full-reporting states between 12 months before and 12 months after their initial SSI applications. TANF/SSP adults may be under 18 or over 64 years of age.

The SSI reference group includes individuals who applied for SSI as adults with disabilities for the first time in FY 2007 in full-reporting states and did not receive TANF/SSP as adults in full-reporting states between 12 months before and 12 months after the month of SSI applications.

Some applicants may reapply for SSI rather than appeal a denial on an earlier claim. For this reason, the analysis focuses on the outcome of each applicant’s latest SSI application (applications as of December 2009, outcomes as of June 2010).

Ages are as of the filing date of the sample member’s latest SSI application. Applications that were denied for initial technical reasons or that were still pending as of June 2010 are not included in this figure.

The medical award rate is calculated by dividing the number of awards by the number of medical decisions minus the number of pending claims.

By exploring the intersection between TANF and SSI using detailed data on TANF receipt and SSI applications acquired directly from ACF and SSA, this analysis has arrived at the following conclusions:

- (1) New SSI applicants rarely receive TANF in the months before they apply for SSI, and some of them apply for SSI before receiving TANF.
- (2) TANF recipients who apply for SSI are not at particularly high risk of losing their TANF benefits.
- (3) The medical award rate among TANF recipients who apply for SSI is comparable to that of SSI applicants who have not received TANF recently, once important age differences between these groups are taken into account.

Contrary to popular belief, it appears that the interaction between the two programs has little to do with TANF recipients being pushed toward SSI due to changes in TANF policy. Instead, these findings support the idea that people with disabilities make similar decisions about applying for SSI regardless of whether or not they receive TANF. This new understanding of the interaction between welfare and disability may better position policymakers to address other important questions, including how best to provide services to meet the special employment and support needs of low-income adults with disabilities.

## Notes

---

<sup>1</sup>The caseload reduction credit lowered work participation requirements based on reductions in the caseload since 1995; it reduced each state's required rate by 1 percentage point for every percentage point decrease in its caseload size since 1995 (except where caseload decreases could be attributed to changes in eligibility rules). Due to substantial reductions in TANF caseloads across all states, the average *effective* work participation requirement for all families was just 5 percent in 2006. See U.S. Department of Health and Human Services, Office of Family Assistance (2009). Additionally, states could remove hard-to-employ recipients from the work participation rate calculations by transferring them to Separate State Programs (SSPs; see note 5).

<sup>2</sup>The Deficit Reduction Act changed the base for the caseload reduction credit from 1995 to 2005, resulting in much higher effective work participation requirements than had been in place. It also mandated that families receiving assistance through SSPs be included in the work participation rate calculation.

<sup>3</sup>Prior research has found the incidence of disability among adult TANF recipients to be high, though estimates vary, in part, because there is not a single common definition of "disability" applied in this research. For more information, see Farrell and Walter (2013).

<sup>4</sup>Social Security Administration (2013).

<sup>5</sup>SSPs originated as a strategy on the part of some states to provide assistance to families without having to include them in the work participation rate calculation. The funds spent on SSPs count towards the total that each state can claim as its contribution to the cash assistance program to receive matching

federal funds, demonstrating so-called “Maintenance of Effort.” After passage of the Deficit Reduction Act in 2005, states were no longer able to exclude SSP recipients from the work participation requirement, at which point these cases were typically either moved back into TANF or shifted to solely state-funded programs, where expenditures do not count toward “Maintenance of Effort.” Because the TANF/SSP distinction exists primarily for budgeting and is often unnoticed by recipients themselves, this brief does not treat each funding stream separately.

<sup>6</sup>The full-reporting states are Alabama, Alaska, Arizona, Delaware, Georgia, Hawaii, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maine, Montana, New Hampshire, New Jersey, North Dakota, Oklahoma, Oregon, Rhode Island, Tennessee, Utah, Vermont, Virginia, Washington, Wisconsin, and Wyoming. This group of states includes about 29 percent of the national caseload of adult TANF recipients and 31 percent of new adult SSI applicants; it is not nationally representative. However, identical analyses have been conducted with data from larger states and counties — including New York State, Michigan, and Los Angeles County — and the main findings from these analyses are consistent with those found in the analysis of data from the full-reporting states.

<sup>7</sup>U.S. Government Accountability Office (2004).

<sup>8</sup>Wamhoff and Wiseman (2005-2006). To determine which SSI awardees were associated with TANF, the study used a data element from the SSI eligibility interview indicating whether the applicant received “income based on need (IBON) that is wholly or partially federally funded,” which the authors found to be an adequate proxy for TANF receipt. To account for SSPs (which are not federally funded), the authors regressed annual SSI awards for states on the combined number of TANF and SSP recipients and studied how the incidence of SSI awards to TANF recipients varied with the use of SSPs.

<sup>9</sup>The sum of “received TANF for all 12 months in the year prior to SSI application” (which rounds to 0.8 percent) and “received TANF for 1 to 11 months in the year prior to SSI application (which rounds to 3.2 percent) actually rounds to 3.9, not 4.0 percent as Figure 2 might suggest. Adding “received TANF, but only in the month of SSI application or the following year” (2.0 percent) brings the total to 5.9 percent, not 6.0 percent.

<sup>10</sup>States sometimes set their own time limits on cash assistance, which can take effect before an adult has accrued 60 months toward the TANF time limit. As of July 2006, 5 of the 26 full-reporting states had shorter lifetime limits: Idaho and Indiana (24 months), Delaware and Utah (36 months), and Georgia (48 months). These states account for 13 percent of the full-reporting state caseload. In addition, 4 states (Louisiana, Oregon, Tennessee, and Virginia, accounting for 29 percent of the full-reporting state caseload) had periodic limits that could take effect sooner but that did not reduce the lifetime cap. Similar percentages of the prior overlap sample and TANF reference group reside in states with separate state time limits. See Rowe and Murphy (2006) for more information on time limit rules by state.

<sup>11</sup>Rowe and Murphy (2006).

<sup>12</sup>U.S. Government Accountability Office (2004).

<sup>13</sup>Some applicants may reapply for SSI rather than appeal a denial on an earlier claim. For this reason, the TSDTP analysis considers the outcome of each applicant’s latest SSI application (applications as of December 2009, outcomes as of June 2010).

<sup>14</sup>Since the focus of this discussion is on SSI applications that have reached a final medical decision, applicants whose SSI claims are still pending have been removed from these calculations.

<sup>15</sup>Though it is rare, technical denials can occur following a medical decision if a final eligibility review reveals that an applicant does not meet nonmedical eligibility criteria. These “subsequent” technical denials are included in this analysis because a final medical determination is made in such cases.

<sup>16</sup>The TSDTP included field assessments during which SSI disability examiners were interviewed. These conversations revealed — at least anecdotally — that age is often a consideration in determinations of an individual’s medical eligibility for SSI.

<sup>17</sup>SSI eligibility criteria for children relate to their ability to function in a school setting, while eligibility criteria for adults focus on their ability to work. Individuals who were awarded SSI as children are far more likely to appear in the SSI reference group than in the full overlap sample because their SSI benefit would make them ineligible to receive TANF. Theoretically, they are also more likely to be awarded SSI on the basis of adult eligibility criteria than new 18-year-old applicants who have no history of receiving SSI. SSA has already recognized their disabilities through award of their child applications, whereas the claims of new 18-year-old applicants have not yet been substantiated. Furthermore, while SSI eligibility criteria differ between children and adults, these criteria are closely linked, as a disability that prevents one from functioning in a school setting is likely to affect one's ability to function adequately in the workplace.

## References

- Farrell, Mary, and Johanna Walter. 2013. *The Intersection of Welfare and Disability: Early Findings from the TANF/SSI Disability Transition Project*. OPRE Report 2013-06. Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Planning, Research, and Evaluation.
- Rowe, Gretchen, and Mary Murphy. 2006. *Welfare Rules Databook: State TANF Policies as of July 2006*. Washington DC: The Urban Institute.
- Social Security Administration. 2013. *SSI Annual Statistical Report, 2012*. Washington, DC: Social Security Administration, Office of Retirement and Disability Policy, Office of Research, Evaluation, and Statistics.
- U.S. Department of Health and Human Services, Office of Family Assistance. 2009. *Temporary Assistance for Needy Families (TANF): Eighth Annual Report to Congress*. Washington, DC: U.S. Department of Health and Human Services, Administration for Children and Families, Office of Family Assistance.
- U.S. Government Accountability Office (GAO). 2004. *TANF and SSI: Opportunities Exist to Help People with Impairments Become More Self-Sufficient*. Washington, DC: U.S. Government Accountability Office.
- Wamhoff, Steve, and Michael Wiseman. 2005-2006. "The TANF/SSI Connection." *Social Security Bulletin* 66, 4.

## Acknowledgments

This policy brief was written as part of the TANF/SSI Disability Transition Project (TSDTP), a collaboration among the U.S. Department of Health and Human Services (HHS), the U.S. Social Security Administration (SSA), and the research team, made up of MDRC and its partners MEF Associates and TransCen.

The authors thank Dan Bloom, John Martinez, David Butler, and John Hutchins from MDRC, as well as Mary Farrell from MEF Associates, for their helpful comments on this brief. Johanna Walter and Bret Barden (MDRC) offered much support and guidance throughout the brief's development. Officials at HHS and SSA provided TANF and SSI administrative data and assistance with their interpretation and use. Also from MDRC, Julianna Alson provided research assistance and coordinated production, Robert Weber and Joshua Malbin edited the brief, and Stephanie Cowell prepared it for publication.

MDRC is conducting the TSDTP under a contract with the Administration for Children and Families (ACF) Office of Planning, Research and Evaluation (OPRE) in the U.S. Department of Health and Human Services (HHS). The project is funded by HHS under a competitive award, Contract No. GS10F0245N/HHSP233200800527G. The project officers are Matthew Borus and Girley Wright. Additional funding has been provided by the U.S. Social Security Administration. The SSA project officers are Scott Leverty and Joyce Nicholas. MEF Associates, our partner organization, assisted with all aspects of the knowledge development phase of this project. TransCen, Inc., provided technical assistance to sites.

The findings and conclusions in this report do not necessarily represent the official positions or policies of HHS or SSA.

Dissemination of MDRC publications is supported by the following funders that help finance MDRC's public policy outreach and expanding efforts to communicate the results and implications of our work to policymakers, practitioners, and others: The Annie E. Casey Foundation, The George Gund Foundation, Sandler Foundation, and The Starr Foundation.

In addition, earnings from the MDRC Endowment help sustain our dissemination efforts. Contributors to the MDRC Endowment include Alcoa Foundation, The Ambrose Monell Foundation, Anheuser-Busch Foundation, Bristol-Myers Squibb Foundation, Charles Stewart Mott Foundation, Ford Foundation, The George Gund Foundation, The Grable Foundation, The Lizabeth and Frank Newman Charitable Foundation, The New York Times Company Foundation, Jan Nicholson, Paul H. O'Neill Charitable Foundation, John S. Reed, Sandler Foundation, and The Stupski Family Fund, as well as other individual contributors.